



Serving North Central British Columbia

Community Futures Development Corporation of Stuart Nechako

Operating Plan 2012-2013



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1.0 BASIC INFORMATION

1.1 Contact Information

CFDC Legal Name: Community Futures Development Corporation of Stuart Nechako
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Chairperson: Mr. John Thobo-Carlsen
Address: Box 70, Fort St James, BC V0J 1P0
Chair's Email: jsthoca@fsjames.com

1.2 List of Staff (Annual)

Name	Position	Phone	% WD Core
Keith Federink	General Manager	(250) 567-5219	100
Graham Stanley	Business Analyst	(250) 567-5219	100
Janine Payne	Financial Support Officer	(250) 567-5219	100
Barry O'Brien	Project Coordinator	(250) 567-5219	100

1.3 Board of Directors (Annual)

Name Position on Board	Committees	Representation	Yr. Joined Board
John Thobo-Carlsen Chair, Treasurer	Acting Chair, Executive and Business Loans, Finance	Fort St. James	1999
George Winter Vice Chair	Vice Chair, Executive, Finance, Marketing, Business Loans	Cluculz Lake	1998
Kevin Wilson Director	To be determined	Fort St. James	2012
Christy Smith Director	To be determined	Fort St. James	2011
Miguel Romero Director	To be determined	Fort St. James	2012

2.0 DESCRIPTION OF ORGANIZATION

Community Futures Development Corporation of Stuart Nechako (CFDC-SN) is a federally incorporated (1995) not-for-profit organization governed by a volunteer Board of Directors that represents the various communities of the Stuart-Nechako region. Our organization has been known as Community Futures Stuart Nechako (CFSN) since rebranding and organizational restructuring in 2006.

2.1 Organization Structure and Operations

2.1.1 Board Structure and Committees

The CFSN Board of Directors is currently made up of five members; as many as seven additional directors can be added to the board at any time in the future. Directors, at this time, represent the communities of Cluculz Lake, and Fort St. James. The Board meets quarterly to determine the overall direction, monitor achievement of goals and objectives and policies of CFSN.

The Board maintains three working committees that deal with the following areas of focus:

- Business Loans
- Personnel
- Finance

Sub-committees and steering committees are struck from time-to-time to undertake specific projects and initiatives. The Chairperson, members of the Board, business experts and community volunteers from the region are encouraged to participate on our committees and sub-committees.

The board currently serves the communities it represents, and sectors and community excepting for First Nations representation. This involvement continues at a loan or economic development level and is evidenced in the organization's Economic Development programming. Efforts will be made to recruit board members with specific expertise necessary to fulfill the organization's strategic plan. The board and staff are active in the following organizations.

Table 2.1.1. Volunteer Positions Held by CF-SN Board of Directors, Committee Members and Staff

Organization Name	Community or Region Served	Position Held
Fort St James, Chamber of Commerce	Fort St James	Member
Cluculz Lake Recreational Association	Cluculz Lake	Director
Draft Horse Association of BC	British Columbia	Director - Secretary
Nechako Kitamaat Development Fund Society	Nechako River communities	Director
Sinkut Mountain Cattlemen's Association	Regional	Member
Smithers Exploration Group (Mining)	Regional	Member
Vanderhoof Chamber of Commerce	Vanderhoof	Member
BC Cattlemen's Association	Provincial	Sponsorship Committee
Fraser Lake Chamber of Commerce	Fraser Lake	Member
Community Arts Council	Fort St James	Treasurer
Fort St James Minor Hockey	Fort St James	Coach
Fort St James 4-H Club	Fort St James	Group Leader

2.1.2. Organizational Structure & Responsibilities

The current full-time staff compliment at CFSN consists of a three staff that report directly to the General Manager while implementing action plans, projects and carrying out daily tasks. Full job descriptions for all positions are available upon request.

- (1) **General Manager** - reports directly to the Board of Directors and is responsible for overall CF operations;
- (2) **Business Analyst** - responsible for business development and loans;
- (3) **Financial Support Officer** - responsible for bookkeeping, accounts and budget administration;
- (4) **Project Coordinator** - responsible for CFSN projects and assists with business analysis.

Temporary employees and/or sub-contractors are hired to implement specific projects that CFSN initiates. CFSN currently has one such on-call contractor to handle the technical aspects of the website maintenance and another for contract writing as required from time-to-time.

2.1.3 Office Locations and Coverage of Communities

From offices in Vanderhoof the staff of CFSN serve the three municipalities of Fort St. James, Fraser Lake and Vanderhoof; the seven First Nations communities of Nad'leh Whuten, Nak'azdli, Saik'uz, Stelat'en, Takla, Tl'azt'en and Yekooche and numerous unincorporated communities throughout the Stuart Nechako Region.

2.1.4 Services Offered

- 1. Business Loans Program
- 2. Business Development Counseling
- 3. Regional & Community Economic Development
- 4. Aboriginal Outreach
- 5. Meeting/Training Facilities
- 6. Video Conferencing Facilities
- 7. Business and Entrepreneurial Skills Training

2.1.5 Partners

Funding Partners	Community Partners	Government Partners	Project Partners
Western Economic Diversification Canada (WD)	Vanderhoof Chamber of Commerce	Service Canada	Junior Achievement of Canada
Nechako Kitamaat Development Fund Society	Fort St James Chamber of Commerce	Regional District of Bulkley Nechako (Areas C, D & F)	Royal Bank of Canada
Northern Development Initiative Trust		District of Fort St. James	College of New Caledonia
		Village of Fraser Lake	Ministry of Small Business, Technology & Economic Development
		District of Vanderhoof	School District No. 91 – Nechako Lakes
		Nak'azdli First Nation	Community Futures: Nadina, 16/37, Pacific Northwest, HaidaGwaii, Fraser Fort George
		Saik'uz First Nation	John Rustad, MLA
		Takla Lake Band	Integrus Credit Union
		Tl'azt'en Band	
		Yekooche Band	

2.2 Description of Community Futures Stuart Nechako Service Area



2.2.1 Population Data

The Stuart Nechako is a sub-region of the Regional District of Bulkley Nechako and is home to 14,860¹ people living in small towns, rural settings, remote and First Nation communities. The largest community is the District of Vanderhoof followed by the District of Fort St James and the Village of Fraser Lake. Prince George – located 97 km east of Vanderhoof – is the regional service centre for post-secondary education, government services and health care. The sub-region of the Regional District of the Bulkley Nechako called the Stuart Nechako, had a population decline of 12.9% from 2001-2006.

Without the on-reserve First Nation's population figures included, the population decline is one of the highest overall in the province at 15.6%. The other portion of the Regional District Bulkley Nechako (rural and urban) had some population increases in Burns Lake and Granisle and Electoral District E, but five out of six rural regions declined as well as the Town of Smithers (-3.6%), District of Houston (-11.6%) and the Village of Telkwa (-5.5%).

Continuing the trend of many decades, between 2001 and 2006 the population has become more urbanized, with 85.4% of the provincial population now living in urban areas, up from 85% in 2001, 82% in 1996 and 80% in 1991.² The regional growth in population 2009-2036 is projected at just over 10% compared with the BC average of 36.4%.³ The region will experience the third lowest population growth in the province.

Figure 2.2.1. Population of the Stuart Nechako Region's Communities and the Regional District Bulkley Nechako (updated 2010 where data is available)

Communities – Urban and Rural Population	2006	2010 est.	2009-2010 %change
Regional District Bulkley Nechako*	38,243	39,123	+0.7%
District of Vanderhoof	4,064	4,049	-2.4%
Electoral Area F "Vanderhoof Rural"	3,137	n/a	
District of Fort St James	1,355	1,295	-2.1%
Electoral Area C "Fort St James Rural"	1,665	n/a	
Village of Fraser Lake	1,113	1,161	+3.4%
Electoral Area D "Fraser Lake Rural"	1,355	n/a	
First Nations Communities	5,769	n/a	
Subtotal Urban & Rural Stuart Nechako	118,458	Note	

*Includes Burns Lake, Granisle, Houston, Smithers, Telkwa and all unincorporated areas in the Bulkley-Nechako Regional District

Note: 2010 census data is not available until February 2012.

¹ 2006 Census Population Figures compiled from: BC Stats, Indian and Northern Affairs and Statistics Canada.
<http://www.bcstats.gov.bc.ca/data/pop/pop/mun/CurrentPopulationEstimates.pdf>

² BC Stats, <http://www.bcstats.gov.bc.ca/data/cen06/c2006hl.asp>.

³ BC Stats, Overview of the BC and Regional Population Projections, August 2010.

The District of Vanderhoof, (2010 pop. 4,049), located 97 km west of Prince George at the junction of Highways 16 and 27, is the regional service centre. Vanderhoof is in the heart of the Nechako Valley and straddles the banks of the Nechako River flowing from Kenney Dam to the Fraser River. The landscape is the foundation of the forestry and agriculture industries that have dominated the economy since Vanderhoof's origins in 1926. Canfor's Plateau Mill is located within the boundaries of the District, as are a number of medium to small sawmilling operations and forestry related consulting firms. Vanderhoof is the home to regional government offices, School District 91 administration, and the St. John Hospital.

The District of Fort St James (2010 pop. 1,295) is located on Highway 27 along the southern shores of Stuart Lake 2006. Fort St James is a service centre for the smaller communities and remote residences scattered through the northern Stuart Nechako area. Fort St James, founded in 1806 as a fur trading post, is the oldest established community west of the Rocky Mountains. The Fort St James National Historic Site commemorates the rich history of the fur trade, western North American exploration and the collaboration with the First Nations traditions and knowledge that is still an important part of the economy today in Fort St James.

The Village of Fraser Lake (2010 pop. 1,161), the third largest community in the Stuart-Nechako Region, sits at the southwest end of Fraser Lake. The economy and population depends heavily on forestry and mining, and to a lesser degree, on tourism. Placer Dome Canada Limited's Endako Mine (now owned and operated by Thompson Creek Mines Ltd.) has been a significant economic presence since operations began in 1965. The published mine reserves (January 1, 1995) of 117.6 million tonnes are enough for another 14-years mine life. Additional milling and processing services have been offered to Blue Pearl Mining Ltd. as they advance the development of Davidson molybdenum property near Smithers, B.C. Fraser Lake was the only community in our region that saw an increase in population (estimated) from 2009 to 2010 (3.4%), related to the expansion of the Endako Mine.

Cluculz Lake, just south of Highway 16 and 45 km east of Vanderhoof, lies within the Nechako portion of the Fraser River drainage. This sizable, deep lake is roughly 20 km long, is used by residents and visitors for recreation. Land use within the watershed includes lakeshore development, forestry and agriculture. There are 659 lakeshore lots, of which roughly 460 are known to have summer or permanent residences. The area includes one gated community, one convenience store and one rest stop.

Fort Fraser (pop. 1,354 in 2010) is one of the oldest settlements in British Columbia, located on the Yellowhead Highway, 44 km west of Vanderhoof. The pioneer roots of the area's history date back to the fur trade, with the establishment here of a fur-trading post in 1806 by Simon Fraser. The town was built 4 km east of the original site of Simon Fraser's fort, and is also the site of the last spike of the Grand Trunk Pacific Railway, driven on April 7th, 1914. The celebration is commemorated with a plaque marking the spot, and the railway is now the Winnipeg-Prince Rupert line of Canadian National (CN).

Manson Creek (pop. ~ 40) is located in the northern interior of British Columbia, 140 miles (225 km) north of Fort St. James and 125 miles (200 km) northwest of Mackenzie and McLeod Lake. Various deposits of gold placer can be found in the Manson Creek and surrounding area, as well as jade, rhodonite, jasper, and agate.

Germansen Landing (pop. ~ 25), located in the Omineca Valley, is approximately a 200-km drive north east of Fort St. James. The community consists of 25 year-round residents who live within a 20-mile stretch of road known as the Germansen Corridor. The Corridor is surrounded by the newly created Omineca Provincial Park.

Electoral Areas D (Fraser Lake Rural), C (Fort St James Rural) and F (Vanderhoof Rural) are three of the seven electoral areas of the Regional District of Bulkley Nechako, and with a land area of 35,419.92 km² account for about 48.2% of the total area of the Regional District. The landscape is mainly rugged with expansive forests dotted with lakes and rivers throughout. The lakeshores are home to many of the rural residents as well as second home owners from the region and from other parts of Canada. Agriculture is intensive around Vanderhoof, Fraser Lake and to a lesser degree south of Fort St James. The population of the three electoral rural areas in 2001 was 8,822, and as well these geographical areas incorporate the total First Nations Indian Reserves proper that have 5,769 registered band members (2007).

The electoral areas, and agriculture lands within municipal boundaries, are defined as "Subdivision A" by Statistics Canada with respect to Agriculture. The Nechako Agriculture region is located at the geographic centre of the Province of British Columbia. It lies within the fertile Nechako Valley encompassing 8.5 million acres (34,619 sq. km) within subdivision "A" in the Bulkley-Nechako Regional District. The agricultural sector according to Statistics Canada Census 1996 covers 295,554 acres deeded, rented or under lease, which represents approximately 3.5% of the total land area of the 8.5 million acres in subdivision "A."

2.2.2 First Nations Communities Description, Location and Population Stats

First Nations Communities Total On Reserve	2007	Notes about community
<i>Nak'azdli First Nation</i>	1,695	Main community adjacent to Fort St. James; 16 reserves on 1,458 hectares
<i>Tl'azt'en First Nation</i>	1,524	Main communities north of Fort St. James; 49 reserves on 2,785 hectares
<i>Saik'uz First Nation</i>	863	Main community south of Vanderhoof; 10 reserves on 3,235 hectares
<i>Takla Lake First Nation</i>	644	Main community at Takla Landing; 17 reserves on 809 hectares
<i>Nadleh Whu'ten Nation</i>	412	Main community on Nautley Reserve near Fort Fraser; 7 reserves on 969 hectares
<i>Stella'ten First Nation</i>	417	Main community on Stellaquo Reserve; 2 reserves on 851 hectares
<i>Yekooche First Nation</i>	214	Main community on Stuart Lake (Fort St. James area); 4 reserves 380 hectares
Total Population Registered August 2007, Indian & Northern Affairs Canada	5,769	Populations on reserve vary – see below.

More about the communities:

Nadleh Whut'en First Nation (*formerly Fraser Lake*), has 412 band members, and their main community is on Nautley Indian Reserve #1, near Fort Fraser, approximately 130 km west of Prince George (seven reserves in total on 969 hectares). The NadlehWhut'en Band's on reserve population has decreased by 23.5% from 200 members on reserve in 2001, dropping to 153 in 2006. NadlehWhut'en First Nation is a member of the Carrier Sekani Tribal Council.

Nak'azdli Band (*formerly Necoslie*) has approximately 1,695 band members, with 495 living on reserve in 2006, a 5.5% increase from 2001 (469 on reserve). The main community is on Nak'azdli Indian Reserve #1, adjacent to Fort St. James, approximately 45 km northwest of Vanderhoof (total of 16 reserves on 1,458.2 hectares.) Nak'azdli has three major forestry related enterprises, including TI'Oh Forest Products, and as many as 12 members subcontracting to the forest sector. Nak'azdli Band is a member of Carrier Sekani Tribal Council.

Saik'uz First Nation (*formerly Stony Creek*) has approximately 863 band members and the main community is on Stony Creek Indian Reserve #1, approximately 15 km south of Vanderhoof (10 reserves on 3,235.7 hectares). Saik'uz has 384 members living on reserve in 2006, a 7.0% decrease from 2001 (413 members). Saik'uz First Nation has one reserve within the District of Vanderhoof called Noonla Reserve that is adjacent to the CN Rail Line and Highway 16. Saik'uz First Nation is a member of Carrier Sekani Tribal Council.

Stellat'en First Nation (*formerly Stellaquo*) has approximately 417 band members with 186 on reserve in 2006, 8.1% increase from 2001 when 172 lived on reserve. The main community is on Stellaquo (Stella) Indian Reserve #1, at the mouth of the Stellako River, approximately 150 km west of Prince George (total of two reserves on 851.5 hectares.) Stellat'en First Nation is a member of the Carrier Sekani Tribal Council. The Tribal Council head office is located at the administration offices of the Wet'suwet'en First Nation.

Takla Lake First Nation has approximately 644 band members and the main community is on North Takla Lake Indian Reserve #7, at Takla Landing on the east shore of Takla Lake, approximately 130 km north of Fort St James (total of 17 reserves on 809.4 hectares). Takla now has 375 members living on reserve, a 22.1% increase in on reserve population from 2001. It was created by the amalgamation of the Takla Lake and Fort Connelly bands in 1959. The Nation is a member of Carrier Sekani Tribal Council.

TI'azt'en Nations (*formerly Stuart-Trembleur*) has approximately 1,524 band members and 485 are living on reserve in 2006, a 13.0% increase in on reserve population from the 422 residents in 2001. Most band members live on the Tache, Nancut and Pinchie reserves, approximately 50 km northwest of Fort St James on the north shore of Stuart Lake (49 reserves on 2,785 hectares). The small settlements of Middle River on Trembleur Lake and Grand Rapids, along the Tache River between Stuart Lake and Trembleur Lake also belong to TI'azt'en Nation. Tache is the location of the administration, elementary school, daycare, health and RCMP offices. TI'azt'en Nation holds Tree Farm License 42 and operates a logging company called Tanizul Timber. It manages the John Prince Research Forest jointly with the University of Northern British Columbia. TI'azt'en Nations is a member of the Carrier Sekani Tribal Council.

Yekooche First Nation is based 75 kilometers northwest of Fort St. James, British Columbia at the north end of Stuart Lake on Yekooche reserve and lands (about 6,340 hectares in size). There are 214 band members of which 93 live on reserve (2006) which is a 31% increase from 71 in 2001. The Yekooche First Nation Agreement-In-Principle (stage five) was officially signed on August 25, 2006, and is negotiating a treaty settlement with the British Columbia Treaty Commission six-stage process.

2.2.3 About Our People, Business Activity and Labour Market

The Institute of Chartered Accountants of British Columbia publishes an annual report called the “Live, Work and Invest in BC: 2011 BC Check-Up.”⁴ The Nechako Development Region incorporates more area than our service area, the main economic indicators are concentrated in the Bulkley Nechako Regional District, and therefore are deemed valid for our discussions.

- One in five residents in the Nechako is under the age of 15.
- Only 11% of the residents are aged 65 or more, less than in any other region of the province except for the Northeast (where the senior’s population makes up 8% of the total).
- The proportion of working age residents is 69%, slightly lower than in the province as a whole.
- In the Bulkley Nechako 52% of the region’s residents live outside municipal boundaries, proportionally more than in any other region.
- There are more working-aged men than women, but women make up a slightly larger share of the workforce (48%) than in the province as a whole (47%).
- Most (80%) of the regions’ workers had full-time jobs, but self-employment is not as common as in other parts of the province.
- Just 13% of the workers have their own jobs (self-employment) --- considerably less than the 19% of the province’s workforce that is self-employed.
- Unemployment rates in the region are usually higher than in other parts of the province
- The Nechako (and the Cariboo) had the highest consumer bankruptcy rates (3.6%).
- The Nechako enjoyed the highest increase in its level of education (4.2 percentage point change). The province average increased 1.4 percentage point change.
- The outlook to 2013 indicates that the population of the Nechako Region is expected to remain fairly stable over the next few years, while BC’s population continues to grow. As a result, the region’s share of total population is forecast to inch down to 2.1%.
- Total employment is expected to increase slightly, but not as much as in the province as a whole. Job growth is expected to be strongest in the goods sector, which will increase its share of the provincial total to 3.4% by 2013.

Some facts about the region in the 2011 report are as follows:

- **Business Establishments-** In 2010, BC posted healthy business establishment growth (2%), surpassing that of the previous two years combined. In the Nechako Development Region, the number of establishments grew by 95, or 2.9%. An increase in sole proprietorships propelled the gain, but was slightly offset by a loss in the number of businesses employing 20 or more employees. Persistent job loss and lack of employment has likely motivated some individuals to turn to self-employment. The Nechako was the second region in the province for growth in business establishments (2.9%).
- **Incorporations and Bankruptcies** – Business incorporations and bankruptcies are principal indicators of commercial success or failure, both which have a bearing on entrepreneurial and investor confidence. After two years of declining business incorporations, the Nechako Region ranked second with an increase of 22.2%.

Figure 2.3.3. Experienced Labour Force by Primary Industry (2005)

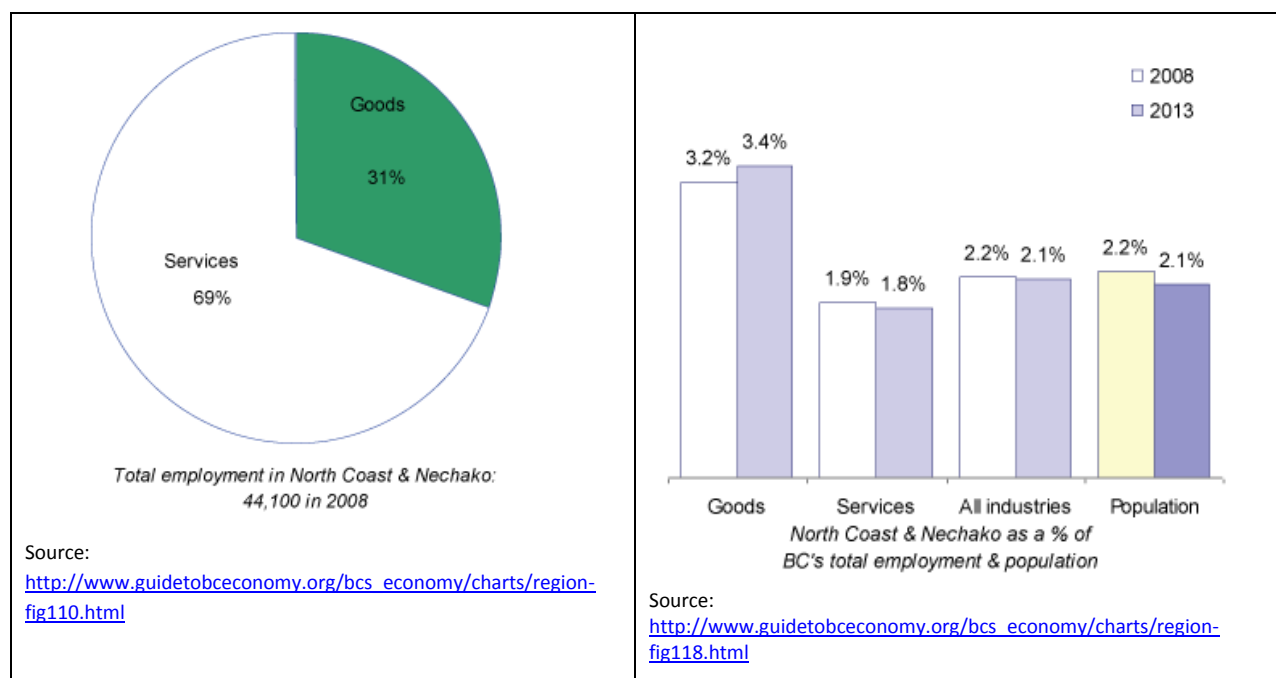
Primary Industry Participation	Vanderhoof	Fort St James	Fraser Lake	Subtotal	%	% BC
Agriculture, Food & Beverage	40	10	0	50	3.52%	3.0%
Logging & Forest Products	495	510	205	1210	85.21%	4.7%
Mining & Mineral Products	55	0	105	160	11.27%	2.0%

⁴ Institute of Chartered Accountants of BC, BC Check Up 2011: http://www.bccheckup.com/pdfs/reg_n_2011.pdf.

Labour Market Characteristics - From the total number of participants in primary industries in Vanderhoof, Fraser Lake and Fort St James over 85% are involved in logging or forest products manufacturing, 11% are involved in mining and mineral production and 3.5% are employed in agriculture. The final category, agriculture is most likely under represented by employment category, as most farmers in the region would be classified as self-employed or have family members working within a family operation that are not classified as workers. With this heavy reliance on resource exports, the labour force in the region is vulnerable to swings in the global commodity price cycle.

The main economic activities in the Nechako Development Region are forestry, agriculture, mining and tourism. In recent years, the NDR has benefited from considerable mining exploration and eight mines are now proposed for the region. Several major sawmills, including the province's largest and most modern sawmills are located in Houston.

BC wood exports rose by 23.7% last year, primarily due to new opportunities in China. This offsets the ongoing slump in US housing construction. While still far below pre-recession levels, lumber production at Northern Interior sawmills was up in 2010, however, much of the increase took place in the Cariboo. The forecasts for the region indicate that employment in goods manufacturing will increase by 0.2% and employment in all other services and industries will level off.



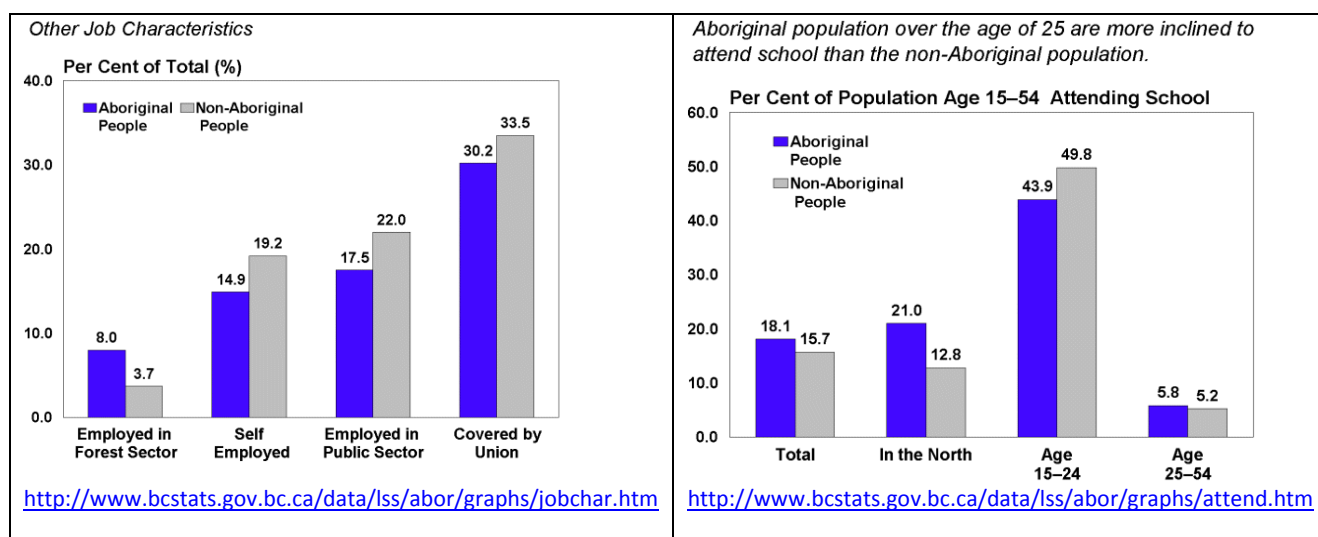
Labour Characteristics of Off-Reserve Aboriginal Population in British Columbia

A report from BC Stats called "*Labour Characteristics of the Off-Reserve Aboriginal Populations in British Columbia*"⁵ underscore why the work that Community Futures invests in First Nations communities has significant impact, and underscores the importance of working with Aboriginal population to engage and encourage First Nations in economic development, business formation and financing, and support business counseling for the bands as business units.

⁵Labour Characteristics of the Off-Reserve Aboriginal Populations in British Columbia, BC Stats,
http://www.bcstats.gov.bc.ca/data/lss/abor/ap_imc.asp

Other interesting information gleaned from the data is that Aboriginal peoples are twice as likely as non-Aboriginal people to work in the forest sector. On the other hand, Aboriginal peoples are less likely to work in the health and education sectors. As these sectors consist primarily of unionized, public sector jobs, Aboriginal peoples tend to be under-represented in the public sector and have lower levels of unionization. Relatively fewer Aboriginal peoples are self-employed due in part to lower representation in professional occupations such as doctors, lawyers and accountants.

Aboriginal peoples are observed to be returning to school in their adult years. The percentages appear fairly small at six per cent. However, if six per cent of all Aboriginal adults complete a post-secondary credential each year, their education attainment levels could improve very quickly.



2.2.4 Global Indicators Impacting Our Region

With global demand for commodities projected to be stronger in 2012, and reconstruction in Japan anticipated to boost demand and prices for lumber, it is hoped that the goods-producing sector will lead the Nechako region out of its slump next year. While the Nechako Region is a small population, the business climate and opportunities are directly impacted by global economic factors so a short synopsis has been added to this section of the report. Most advanced economies are burdened by escalating debt (mix of public and private), aging populations, slow-growing/shrinking workforces, and heightened competition from the emerging markets. But, there is good news is that world-wide economic production (and consumption) frontier is being pushed outward – we are not in an era of global stagnation.

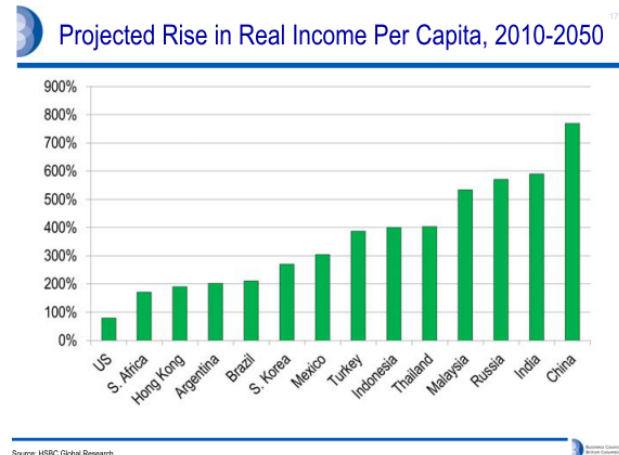
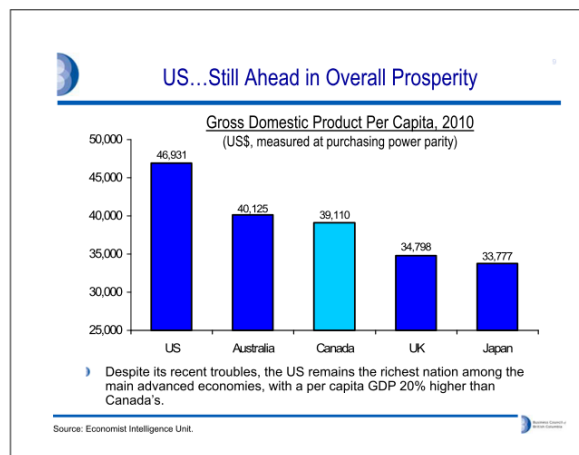
Here some of the key factors that underline efforts of a local economy in northern BC, no matter how far away from the front line:

European debt crisis – “The Bank of Canada reported on January 18, 2012 that the intensifying European debt crisis is holding back growth in both the domestic and world economies. It forecasts that the crisis will curb Canadian economic growth by about 0.6% this year, equivalent to about \$10 billion in lost GDP. The bank said the debt crisis will not only cut into the growth in world trade, but also indirectly affect financial conditions, confidence and commodity prices.”⁶

⁶ “CBC News, “Bank of Canada says Europe will drag on growth,” January 18, 2012, <http://www.cbc.ca/news/business/story/2012/01/18/monetary-policy-report-bank-canada.html?cmp=rss>

U.S. Economy Woes – “The US and the EU, previously main suppliers of the “public goods” needed by an open and well-functioning global economy, may not be in a position to “lead.” No real global leadership is evident, despite the halting efforts of G20. Some additional observations by the Business Council of British Columbia⁷ include:

- Forecasters downgrading US growth outlook (1%)
- Tepid job gains, high unemployment, weak consumer confidence, poverty rate climbing (47 million on food stamps)
- 23% of mortgage holders in negative equity positions; real median household income is now 7% below 1999 peak; housing markets remain sickly
- Public finances: federal debt is rising at war-time pace; significant fiscal stress on many state/local governments
- China economy will surpass the US economy (in 2003 predicted Goldman Sachs by 2041 - revised to 2019)
- Projected real income per capita shows a different world in 2050, however in 2010 US is still the world’s most prosperous



Emerging Markets - The BRIC (Brazil, Russia, India and China) countries are sending us big signals. Their increasing wealth, exploding middle classes, and their resulting power are all on the rise. Change is afoot. To disregard the tremors is foolish; to ignore the campaigns, trends, technology coming from the BRIC countries is, well, sheer folly. It is said that the North American and European Union, multi-national companies alike are going to need the BRIC nations to survive.

EDC reports that Canadian exporters should not “*get BRIC’d in*” and has developed a list of emerging markets where there is potential for Canadian businesses in non-traditional markets, namely: Colombia, Ghana, Indonesia, Mongolia, Nigeria, Panama, Philippines, Poland, Qatar, South Africa, Thailand, Turkey, Uruguay and Vietnam. To read more go to the Export Forecast Overview for 2011.⁸

⁷Business Council of British Columbia, “The New World Economy: Some Implications for Canada and BC,” by Jock Finlayson, October 17, 2011, http://www.bcbc.com/Documents/EC_20111017_Presentation_CEOForum.pdf

⁸Export Development Canada, “Animal Spirits and the Economy – Fall 2011 Global Export Forecast,” September 2011, <http://www.edc.ca/EN/Knowledge-Centre/Economic-Analysis-and-Research/Documents/GEF-fall-2011.pdf>

Table 2: Global GDP Forecast by Country (Growth)				
Top Markets	Share of World Economy 2009	Global Outlook (% Growth)		
		2010	2011(f)	2012(f)
NAFTA	23.4	3.3	2.0	3.3
United States	19.5	3.0	1.7	3.3
Canada	1.8	3.2	2.3	2.4
Mexico	2.1	5.4	4.0	4.0
Western Europe	18.8	1.8	1.6	1.6
United Kingdom	2.9	1.4	1.9	2.1
Euro Area	14.3	1.8	1.4	1.4
Western Europe non-EMU and Scandinavia	1.6	2.8	2.6	2.4
Japan	5.8	4.0	-0.5	2.5
Australia and New Zealand	1.3	2.6	2.1	3.4
Emerging Asia	23.9	9.5	8.0	7.9
China, P.R.: Mainland	13.6	10.3	9.3	8.8
India	5.5	10.1	7.5	7.6
ASEAN-4	3.2	6.9	5.2	5.4
Other East Asia and Pacific	0.5	7.0	6.1	6.8
Other South Asia	1.1	5.1	4.4	5.1
Asian NIEs	3.9	6.2	4.6	4.4
Emerging Europe and Central Asia	7.9	4.3	3.5	3.8
Russia	3.0	4.0	3.9	4.0
Latin America (incl. Mexico)	8.6	6.1	4.1	4.1
South America	5.9	6.6	4.3	4.3
Argentina	0.9	9.2	5.0	4.1
Brazil	2.9	7.5	4.1	4.3
Central America and the Caribbean	0.6	3.3	2.8	3.5
Middle East and North Africa	5.0	4.4	3.0	4.0
Sub-Saharan Africa	2.1	5.4	4.9	5.4
Industrialized Countries	51.2	3.1	1.6	2.6
Developing Countries	48.8	7.3	5.9	5.9
Total Global Economy	100.0	5.1	3.7	4.3
Source: EDC Economics. 2010 is actual data while 2011 and 2012 are forecast. Asian Newly Industrialized Economies (NIEs) are Hong Kong, Singapore, South Korea and Taiwan. ASEAN-4 are Malaysia, Thailand, Indonesia and Philippines. Note: GDP history growth is based on IMF PPP weights				

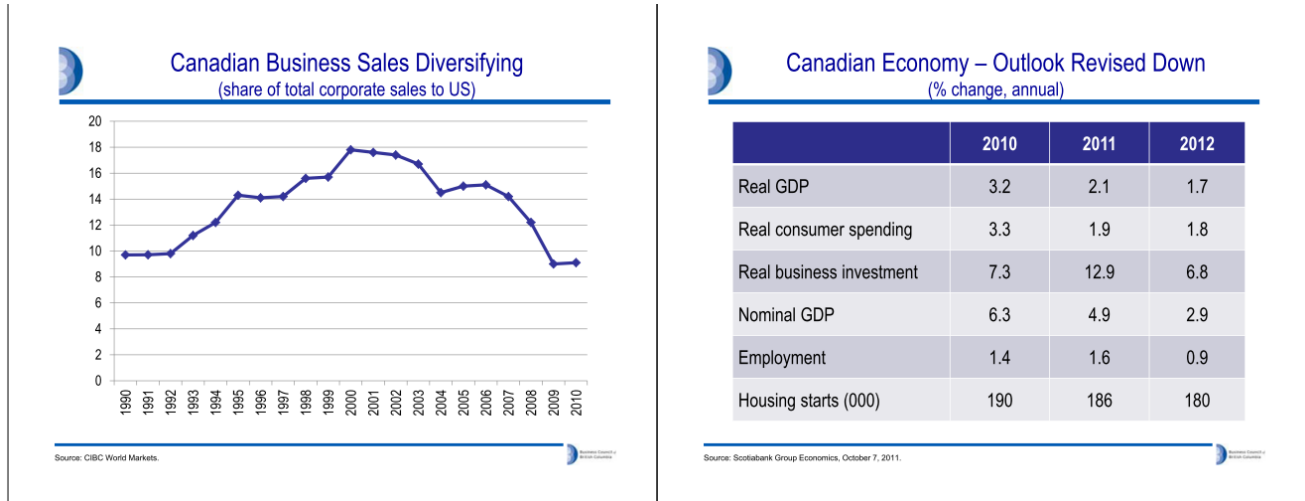
From: *Export Development Canada, Animal Spirits and the Economy*,
<http://www.edc.ca/EN/Knowledge-Centre/Economic-Analysis-and-Research/Documents/GEF-fall-2011.pdf>, p. 15.

2.2.5 National Outlook

Canada's clear advantage through all of the most recent crises has been its low GDP: debt (lowest of the G7) and increasingly competitive tax regime for business. In-keeping with maintaining healthy public finances, the government is looking to turn off the switch on stimulus spending but is working to insulate the economy from the events in Europe by keeping policy accommodative. Real growth GDP growth is forecasted at a 2.5% clip in 2012 and 2.6% in 2013.

"In 2011, businesses kicked in spending on machinery and equipment and non-residential real estate accounting for two-thirds of annual growth rate. In 2012 and 2013, business investment will continue to be a contributor alongside consumer spending of goods and services. The biggest change to the composition of growth will come from net exports, which are forecasted to swing to be a support for the economy after two years of weighing on growth."⁹

⁹ RBC Economics and Research, "Economic and Financial Market Outlook," December 2011,
<http://www.rbc.com/economics/market/pdf/fcst.pdf>



http://www.bcbc.com/Documents/EC_20111017_Presentation_CEOForum.pdf

Canada's advantages continue to be:

- Resources for a world hungry for energy, minerals, food and water
- Human capital – well-educated population and pro-active immigration policies
- Sixth place ranking for Canadian businesses in the “prosperity potential index”

But, Canada ranks 17th in the world in innovation – productivity, technology diffusion and developing more globally oriented companies. The implications of the shifting global economic landscape are twofold:

- Stepped up efforts to build new markets and commercialization required
- Consolidate the elements that make up Canada's current advantage (fiscal prudence, human capital development, competitive tax regime, et al).

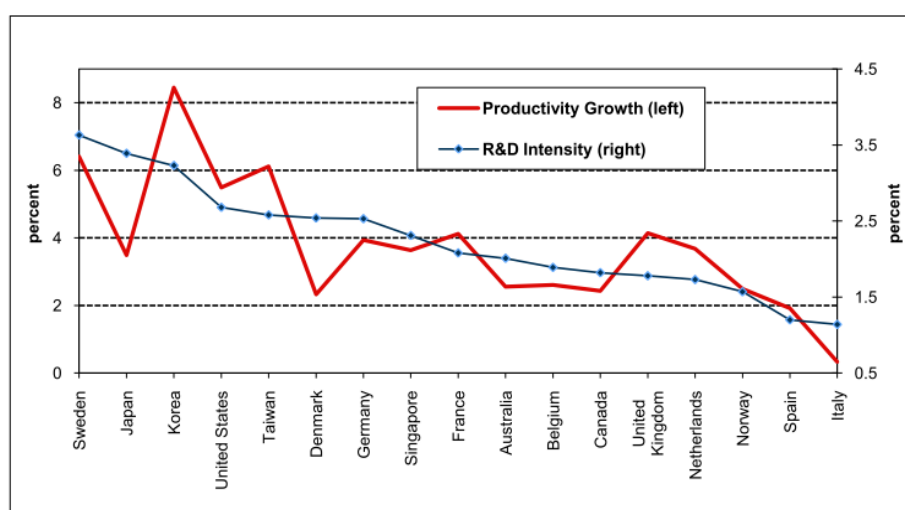
In an article called “*For 2012, A Wish List for Canada's Economy*” (Globe and Mail) the theme of increasing diversification and innovation are echoed by WD and the commonly-held solutions are:

Diversify U.S.-centric trade relations – Geographic proximity and a socio-economic kinship have made Canada and U.S. natural partners, with integrated labour markets, supply chains and resources. But that interdependence is eroding as a result of the high Canadian dollar and an increasingly thick post-9/11 border. In 2010, the U.S. accountable for 68% of Canada's 2-way merchandise trade, and 73% of exports. That's down from 1999, when U.S. accountable for 81% of overall trade and 86% of exports. The Trans-Pacific Partnership- a free-trade deal linking Australia, NZ and the U.S. to major Asian countries, and the hope of a restart to stalled negotiations on a Canada-South Korea deal, are seen as positive.

Perimeter deal is building trust - Canadian businesses are welcoming changes to the weighty cross-border bureaucracy, which has become increasingly burdensome as trade between Canada and the United States balloons. Canadian Manufacturers and Exporters hailed the “Perimeter Deal,” saying it could save Canadian companies as much a \$30-billion a year. “It's very significant because of the volume of trade – we're looking at about \$600-billion of imports and exports [yearly],” CME president Jayson Meyers said. Key deal elements for the agriculture sector include: (1) pilot program to test whether it makes sense to cut back on inspection of agricultural and food products that have a good record of compliance; (2) most of focus on food and agriculture products, motor-vehicle safety, and health-care products; (3) trusted trader program for frequent exporters.

Unleash the innovation potential of Canadian companies – Of all the challenges facing the Canadian economy, this could prove to be the most intractable. R&D is one of the keys to making the economy more productive and wealthier, and Canadian companies do far too little of it. In spite of generous tax incentives, Canada has been falling steadily behind other developed countries. Canada spends 1% of GDP on business R&D, compared to 1.6% among wealthy countries, and spending is now lower than in 2006. “Despite one of the more generous R&D tax credit programs in the world, Canada still lags most OECD countries when it comes to R&D innovation. For most companies that undertake R&D in Canada, the goal is to expand their presence in export markets. Canada’s domestic market is not large enough to generate the scale economies required to support an R&D program. Access to credit is one of key impediments against companies’ expansion plans. Access to credit is even more difficult when it comes to funding R&D investment.”¹⁰

Figure 3: R&D Intensity versus Growth in Manufacturing Productivity



Source: EDC Corporate Research Department. R&D intensity defined as gross expenditure on R&D as a percentage of GDP. Growth in manufacturing productivity is average annual growth from 1997-2007.

2.2.6 Provincial Outlook

It's more than commodities that drive the BC competitive advantage. For B.C., Asia's growing importance within the global economy is being felt in several ways. According to Jock Finlayson, it is the “Asian century”¹¹ and here are the four reasons:

- BC's exports to the region are marching higher. For 2011, the value of B.C.'s exports to Asian markets will exceed shipments to the U.S. Lumber to
- China are on track to reach \$1.5 billion, tenfold from a few years ago. Continued growth between North America and Asia as a whole is driving business at both the Greater Vancouver Gateway and the Prince Rupert/Prince George northern corridor supply chain.
- Asia's demand for resource-based products is likely to be a persistent upward pressure on prices for these commodities – including some produced here in B.C. In this way, B.C. resource

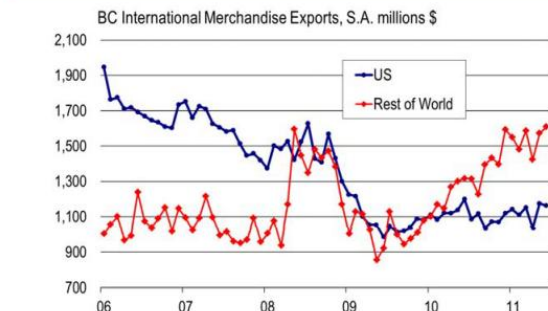
¹⁰ Export Development Canada, “Research & Development – A Key Input for Enhancing Canadian Export Capacity” October 2009, <http://www.edc.ca/EN/Knowledge-Centre/Economic-Analysis-and-Research/Documents/r-and-d-enhancing-canadian-exporting.pdf>

¹¹ Jock Finlayson, “Asian century: How B.C. can profit,” Vancouver Sun, September 20, 2011, http://www.bcbc.com/Documents/PR_20110920_VanSun_AsianCentury.pdf

producers, their employees and communities in which they operate all gain from Asian commodity demand, even though they don't sell directly to the region.

- Two-thirds of the 40,000 international immigrants B.C. receives annually, along with a sizeable number of foreign students, are from Asia. This fact promises to strengthen people-to-people and business connections between B.C. and key Asian countries in the years ahead.

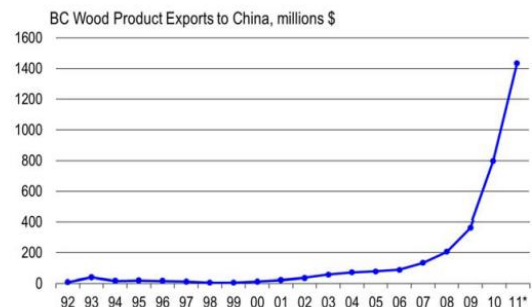
China and Other Non-US Markets Driving BC Export Growth



Source: BC Stats.

Latest: June 2011

China Buying More Wood!



Source: Statistics Canada.

* 2011 projection based on January to July exports

http://www.bcbc.com/Documents/EC_20111017_Presentation_CEOForum.pdf

2.2.7 CFSN's Regional Industry

A. Business and Investment Activity

Stuart Nechako Industrial and Natural Resources Sector Regional Outlook

It continues to remain evident that the Stuart Nechako regional economy and the business and entrepreneurial clients that CFSN serves are directly dependent on the level of activity in agriculture, forestry and mining sectors. CFSN tends to serve business clients that provide business services in support of the large resource sector businesses or the consumers that are provided compensation from the natural resources business operators. Businesses in the region benefit from the historic agriculture sector, and to a smaller extent, are supported by wilderness opportunities in the tourism sector.

In 2011, mining processing facility development and mineral exploration have continued in the CFSN region resulting in construction activity which is starting to translate into increased activity for regional business and some local employment at the construction and exploration sites.

CFSN agrees with the provincial and national prediction that forestry and agriculture, the other major sectors in the Stuart Nechako Region, will remain at similar levels of activity as in recent years with a mix of opportunities and constraints. The Stuart Nechako Region is well positioned to see increasing growth opportunities in small businesses that serve the larger businesses operating in mining, in particular.

Mining Sector – Regional Outlook

It is anticipated that small business growth will start in 2013 when the Mount Milligan Mine is completed in the last part of 2013. At that time, there will be a significant number of new employees relocating to Fort St. James to work in the mine or replace local labour in the forest products manufacturing. The result of increased payroll for the residents of Fort St. James will be bringing opportunities to smaller business start-ups in the service sectors. Fort St. James is experiencing significant growth in building as permit values for both 2010 and 2011 will exceed \$3.5 million up from less than \$250,000 in 2009. CFSN services and loan funds will be tapped into by new businesses and the expansion of existing business particularly in Fort St. James. The activity in Fort St. James should start in 2013 and continue for the three years following the mine going into production.

Major mining projects currently under construction with over \$1.4 billion dollars being invested from 2009 to 2013. Both mines can be viewed on the Thompson Creek Metals website at: www.thompsoncreekmetals.com.

1. The Thompson Creek Metals Company Inc. **Endako Mine** expansion project, near Fraser Lake, BC, is scheduled for completion in the first quarter of 2012. In September 2011 the total investment was estimated at \$527 million. The mine expansion involves replacing the existing mill with a new technology to mill and remill molybdenum; mine life is 18 years.
2. The Thompson Creek Metals Company Inc. **Mount Milligan** project near Fort St. James, an estimated \$900 million investment, is scheduled to go into production in the fourth quarter of 2013. The property reserves are composed primarily of gold (2nd largest reserve in Canada) and copper, with a forecasted life of 22 years. It is estimated the mine will employ 600 workers during construction and 350 full-time workers during operations.

Potential major mining projects:

1. **Newgold Blackwater Property Development/Exploration** - The project involves exploration of Gold and Silver reserves south of Vanderhoof. NewGold intends to continue to conduct exploration activity with the ultimate goal of developing a productive mine. An announcement was made in March 2011 outlining the initial reserves for the project and describing further exploration, including drilling, that is being undertaken to find additional reserves (www.newgold.com).

Forest Sector – Regional Outlook

1. **Western Bioenergy Ltd.** has approval from BC hydro to produce approximately 40 Megawatts of electricity from wood biomass in Fort St. James. The project should translate into 16 jobs at the facility, and the additional jobs associated with the procurement of over 200,000 tonnes of biomass wood fiber annually. It is anticipated that Bioenergy projects utilizing wood residuals will continue to be added in the region. There are no large projects, but it is expected that the small projects will contribute to strengthening the profitability in the forest sector, increase forest utilization and contribute to the stability in the forest sector.¹²

2. **The Northern Bioenergy Partnership** predicts there is a potential to utilize up to 3,000,000 cubic meters of wood biomass from the Prince George Forest District for bioenergy production. Much of this will come from the Stuart Nechako Region and could lead to more bioenergy projects resulting in increased employment in wood harvesting, and operating the resulting bioenergy facilities producing electricity, wood pellets or other products.¹³

In 2011, there was strong evidence that the forest sector had stabilized, but the impact of the mountain pine beetle may reduce the supply of harvestable timber in the long term. During the economic downturn in 2008 one of our region's six lumber mills closed permanently. Of the remaining five large lumber producers, all are currently operating at normal levels of productivity. Local lumber producers are continuing to supply both the US and China as primary markets.

The composite lumber price has risen less than 2%¹⁴ in the last year over 2010 price levels. World pulp prices have remained strong through 2011 keeping price levels for wood chips and hog fuel stable.¹⁵ The price of Northern Bleached Softwood Kraft (NBSK) Pulp, the primary pulp product produced in northern BC, has increased approximately 4.6% in 2011 over 2010. Overall, prices approached \$1,000 US/mt in 2011 and were stronger than forecast. It is expected that NBSK prices will trend downwards in the first quarter of 2012. Pulp pricing is strong enough in the Stuart Nechako in the medium term to keep harvesting and lumber operations stable in the Stuart Nechako region, as adequate fiber is required to supply the profitable pulp mills in Prince George and Quesnel.

Global wood pellet demand should continue to rise as energy policies worldwide, and particularly in Europe, require increased use of renewable and carbon neutral furnish for energy production. The potential for wood to replace coal fired power generation is significant.¹⁶ Timber quality degradation and reduced harvest levels could affect capacity for solid wood products outputs; in the medium term opportunities for utilizing wood residuals and low-grade timber in bio-energy should continue to evolve and diversify the sector. Currently, there is one large producer of wood pellets in Stuart Nechako.

Agriculture Sector – Regional Outlook

The Stuart Nechako Valley agricultural industry has traditionally produced beef for domestic markets, and it is anticipated that cattle ranching will remain the most prominent component of the agriculture sector in the Stuart Nechako Region in 2012, at levels similar to recent years. Cattle pricing has increased through 2011 it is anticipated that prices will continue to trend up in 2012.¹⁷

¹² Ruth Lloyd, "Bioenergy approved for Fort St. James," Caledonia Courier, August 9, 2011, <http://www.caledoniacourier.com/news/127554893.html>

¹³ Northern Bioenergy Partnership, "Resource Inventory web page," http://www.bioenergypartnership.ca/resource_inventory.html#biomass

¹⁴ National Association of Home Builders, "Framing Lumber Prices," <http://www.nahb.org/generic.aspx?genericContentID=527>

¹⁵ Export Development Canada, "The Commodity Tracker," <http://www.edc.ca/EN/Knowledge-Centre/Economic-Analysis-and-Research/Pages/commodity-tracker.aspx>

¹⁶ Wood Resources International LLC Company, "North American wood pellet capacity set to increase to serve markets in Europe and Asia," CisionWire website, <http://www.cisionwire.com/wood-resources-international-llc-company/r/north-american-wood-pellet-capacity-set-to-increase-to-serve-markets-in-europe-and-asia.c9148721>

¹⁷ Export Development Canada, Commodity Tracker, January 31, 2012, <http://www.edc.ca/EN/Knowledge-Centre/Economic-Analysis-and-Research/Pages/commodity-tracker.aspx>

¹⁷ Ibid

With the increase in cattle pricing there is also an increase in the calf price which reduces opportunity for ranchers to increase their herds.

The popular hundred-mile diet concept and rising concerns about food security have created a promising local marketplace for consumers wishing to purchase their food from local producers. The Stuart Nechako region has two inspected abattoirs for processing locally grown meat. One of the abattoir operations focuses on processing rabbit/fowl and the other primarily processes beef. The result is that farmers are maintaining ownership of their products through to directly marketing processed meat to consumers. Several local producers have developed internet marketing and many participate in the Farmer's Markets in Fort St. James, Vanderhoof and beyond the region. The Fraser Lake Chamber of Commerce is working towards establishing a Farmer's Market for the 2012 season. The Farmer's Markets in Fort St. James and Vanderhoof operate weekly from May to September featuring locally grown food, baked goods and crafts. There are no plans to increase hours for the Markets.

Two notable entities, Beyond the Market (www.beyondthemarket.ca) and the Nechako Valley Food Network (www.nvfoodnetwork.ca), have been established in 2011 and are actively marketing local food consumption and information activities about a broad range of locally available fresh and processed foods. These entities are improving the marketing of local fare. One of the constraints to sustained growth is the limited capacity of the local inspected abattoir facilities.

Barley and canola prices have been strong through 2011 and it is likely that 2012 harvest levels will increase in response to the potential for strong prices next year.¹⁸ Although the region is not a corn producer, there are indications that if corn prices remain strong due to corn being utilized for bio-energy production, other grains such as barley should also hold strong price levels. Additionally, due to the current inventories of hay resulting from bumper crops of forage in the Nechako Valley in 2011, there are indications that some farmers will maximize their capabilities to produce other crops such as barley and canola as cash crops and reduce hay or forage crops and utilize the surplus hay next year to feed existing herds. The impact of this practice could inject cash and profits into some farms; however, farms may be limited by capital equipment required to produce non-forage crops.

Business succession planning in the farming industry is of concern and difficult; few family farms have next generation relatives, or others, who are willing to take them over and operate. Many land ownership transfers in the region tend to involve vendor financing and it is difficult to find buyers for the whole farm as existing farms with scale buy-up smaller parcels on an incremental basis. Local farmers, as well as those throughout BC, will be adversely affected by the reversal of the HST, as farms are not exempt for all PST eligible expenses.

B. Financial Services

The Stuart Nechako Region's financial services are provided by two of the major chartered banks and a credit union, and all investment dealers are a subsidiary of the three financial institutions. The ability to mobilize local capital in any form for enterprise, from community bond issues to local investment, is undeveloped.

¹⁹ Ibid.

The issue at the present time is the chartered financial institution's response to the current economic environment. Anecdotal reports from community lenders for the last year indicated the banks are taking a cautious view and are adopting new credit analysis paradigms featuring sustainability. While in the long view this may correct poor financial returns for the financial institutions, in the short run liquidity will suffer and financing for new startups will be curtailed from these sources. Information from the region's lenders this year is that they are reviewing deals for existing businesses but have not received any applications for startups. They continue to have a cautious view towards new enterprises and their existing portfolios.

C. Skills Training & Advanced Education Sector

The region's communities are implementing strategies to train and upgrade the local work force by focusing on skills advancement in vocational and technical areas to better ready the work force for new opportunities in mining, tourism, forest products manufacturing and service sectors. The College of New Caledonia has offered training programs in trades and skills and capabilities training to meet the needs of the mining and forestry sectors. Courses have focused on engaging workers, including workers entering the industrial work forces and First Nations, in areas such as safety, heavy equipment and heavy truck operation and licensing. Regional training programs have been concentrated in Fort St. James to ready the community for the Mount Milligan Mine reaching the operation stage in 2013.

Recently, the District of Vanderhoof has led an initiative to obtain more local advanced education and training programs in trades and technical areas to respond to the anticipated labour requirements for the NewGold mine construction and operation.

The Vanderhoof airport improvement projects are continuing with noticeable investment in infrastructure by the public and private sectors as navigation improvements have been completed, land has been sold to private investors and airplane hangar facilities are being built, and upgrades to accommodate a flight training facility are continuing. The College of New Caledonia (CNC) Commercial Aviator's Program flight training program will operate in the upcoming year. The program has experienced a slow start in its first year with only one student. There is indications that a further nine students plan to enroll on a part-time basis in 2012/13. The obstacle appears to be the high tuition fees for the program.

3.0 VISION, MISSION AND STRATEGIC GOALS

VISION: *“A robust, diversified economy and healthy sustainable communities.”*

MISSION: As a regional organization that facilitates and supports community development, we will:

- Help start and grow businesses
- Foster community economic development initiatives
- Nurture skill development and employment opportunities

STRATEGIC GOALS: (Refer to Appendix 1 – Schedule A Operating Plan for 2012/13)

1. Community Economic Development

- 1.1. CFSN works with proponents to advance community economic development (CED) opportunities.

2. Investment Fund

- 2.1. All clients in the community have local access to a broad range of capital sources.

3. Business Services

- 3.1. Provide financial management and business administration skills training to clients.
3.2. Be a leader in business development for the region.

4. Marketing & Visibility

- 4.1. CFSN is known for generating economic opportunities.

5. Administration & Management

- 5.1. Staff and Board maintain necessary skills and competencies to fulfill their roles effectively.
5.2. Diversified program funding ensures the long term viability of business services to our region.
5.3. Strategic plan development and review process is iterative.

4.0 CORE SERVICES, OBJECTIVES, PRIORITIES & ACTIVITIES FOR THE NEXT FISCAL YEAR (Annual Plan for 2012-2013)

4.1 Inclusivity – CFSN’s Program will be Accessible to the Entire Community

Promoting the inclusion and participation of all community members fully and effectively in the local and regional Socio-Economic Development is a core value of CFSN. Where applicable, strategies will target exclusive sectors that we provide (e.g. First Nations, Women, Youth, Disabled Entrepreneurs, Francophones, Social Enterprise clients, and others that are identified from time to time). Our plans for board member development to include these groups and better represent our communities that we serve were underway in 2007/08 and will continue to be implemented in 2012/2013.

4.2 Strategic Goals Aligned with Government of Canada/WD Key Priorities

Table Section 4.2 CFSN Strategies for 2012-2013

	CFSN Strategies 2012-2013	Planned Project/Initiative (2 – 3 sentences)	How will you measure project/initiative outcomes?
1	Work with local stakeholders to assist in implementing their organizational strategies.	Working with OBAC, CF Fraser Fort George and CF Nadina on the implementation of a regional entrepreneurship strategy. <i>(See notes below)</i>	<ul style="list-style-type: none"> Establish partnership with CF Fraser Fort George, CF Nadina and OBAC A program is created that supports entrepreneurial activities in the region.
2	Work to provide creative financing solutions in response to client needs.	To provide a more flexible loan program that offers small scale and large loans as well as alternative financing. <i>(See notes below – Section A.)</i>	<ul style="list-style-type: none"> Further development of NBCTFG partnership Participate in 2 loan partnerships.
3	Increase market presence for the region’s businesses by developing business profiles and a directory to enhance regional trade opportunities.	Establish a business profile directory on CFSN website. <i>(See notes below – Section B)</i>	<ul style="list-style-type: none"> 1 instance of expanding the network of CFs hosting the trade directory Establish 40 profiles in 2012/2013 in the trade directory.
4	Assist in capacity development/ entrepreneur and business skills development.	Facilitate and participate in training initiatives for entrepreneurs.	<ul style="list-style-type: none"> 4 instances of Junior Achievement in local school district 1 workshop for displaced workers in transition.
5	Assist entrepreneurial development in areas of product, service, process and marketing innovation and diversification.	To serve innovative clients working to diversify their product lines, marketing methods, operating processes and systems.	<ul style="list-style-type: none"> 1 instance of importing new technology into the region.

A. Finance Notes

CFSN has worked to provide a more flexible loan program that also offers both small scale and larger loans through a newly created entity called the Northern BC Trade and Finance Group (NBCTFG). The NBCTFG is aligned with WD objectives to support trade and innovation, and has been established by five Community Futures offices in the Northwest. The purpose is to coordinate efforts in assisting the region's businesses through sharing opportunities and developing financing schemes that support development of new enterprises or the maintaining of existing businesses.

New Partnerships - NBCTFG has taken advantage of available technologies to collaborate on loan applications by utilizing internet forums and video conferencing to develop the loan partnerships. This approach has led to two loan deals to date being approved by the group totaling \$2,175,000 with additional leveraged amounts of \$3,181,000 stimulating economic development in the north. The loans should create or maintain up to 130 mostly high paying jobs. In addition, one of the loans represented the first collaboration between Northern Development Initiative Trust (NDIT) and the Community Futures Network working in partnership to fund a project through the issuing of loans. It is believed development of the relationship is a key piece that could lead to the funding of future innovative projects that will diversify northern BC.

Innovative Loan #1 – The first loan, established in partnership with Northern Development Initiative Trust supports the creation of a School District Business Company that will deliver BC high school graduation certification to students in China. Establishing the schools in China is the first phase in allowing the company to influence students to come to districts throughout northern BC to take part of their education and receive a BC dogwood certificate. Northern BC School districts, will realize the cultural and economic benefits of foreign students attending their schools and business in northern BC could realize economic benefits from the development of stronger cultural ties with China.

Innovative Loan #2 - The second loan was partially funded by the five Community Futures in the NBCTFG and eight other Community Futures in the BC network. The financing model that has been established is based on partnership development, and collaboration between staff and managers at participating Community Futures. CFSN committed substantial staff and volunteer time to establish the framework for partnership development and spearheaded the drive to unite the five participating CFs. CFSN will continue to be a leader in working towards expanding the NBCTFG.

As the group continues, it is anticipated that more loans will be funded and that there will be substantial benefits to its members and the client's they serve. NBCTFG is proving that multiple CFs can work together to meet client needs, not only in the amount being financed but also piloting developmental lending practices. As the NBCTFG partnership strengthens, CFSN anticipates that participating CF staff will not only collaborate on financing opportunities but join forces to work in areas of economic development, including project management and other services.

Cost Efficiencies - CFSN has proposed a cooperative model where staff resources and expertise are shared within a network. The benefit of the model is that participating CFs can share best practices which reduce training cost for training managers and staff members. This model has been introduced (refer to the model in the Appendix B) to the BC CF network and is based on the unification of several groups of CFs into regional units dispersed throughout BC. It is hoped that many of the collaborative principles in the model will filter into the BC CF network. CFSN believes the collaborative model will

work more efficiently, due to scarce resources being more effectively deployed, and staff expertise being more widely dispersed for the benefit of a larger group of CFs. In addition, under a collaborative model, an opportunity to reduce administration costs is apparent.

Reduced Risk in Loan Syndication - The efficiencies will allow increased resources to be deployed in assisting clients. CFSN will continue to develop partnerships and a regional approach to finance and the regional lending program that provides small micro loans and larger loans beyond the ability of individual CF's to provide financing. The loans authorized through the group will show the diversity in applications that can be considered using this initiative and serve as examples of opportunities that impact a greater region. Participating CFs will benefit in the sharing of risk as they participate in a greater number of loans, and serve clients who operate in diverse economic sectors.

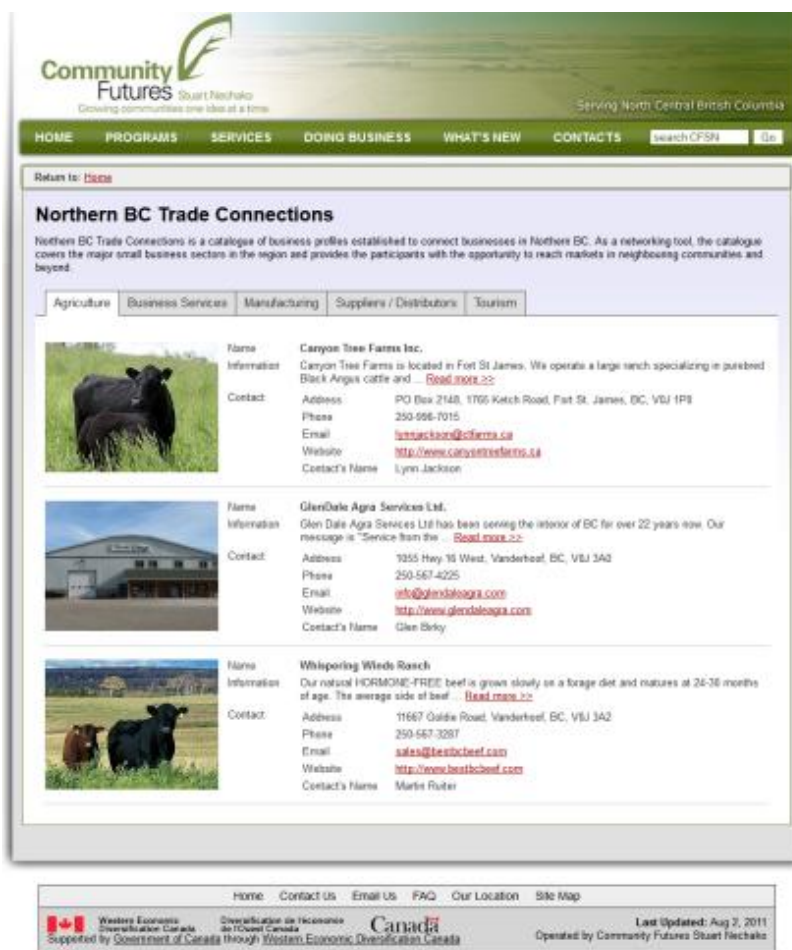
Leadership in Finance Best Practices - In 2012/13, CFSN will continue to provide leadership for NBCTFG and participate in all finance activities and processes geared to better serving the financial needs of the clients in the NBCTFG region. One of the key methods CFSN staff will continue to employ to identify future loan clients, is to work on a web-based business profile directory outlined in the "Trade" section below.

B. Trade Notes

To market the new-look financial services of NBCTFG and to better understand the needs of existing business and assist business in areas of market development, CFSN will undertake more activity to establish relationships with business operators in the CFSN region. The process has started with the development of a business profile directory called Northern BC Trade Connections on the CFSN website.

CFSN has spearheaded the formation of the directory and the other CF organizations belonging to BCNTFG have agreed to participate by putting the directory on their corporate websites. The directory consists of a business profile of any business in the BCNTFG who wants to participate by filling out a profile template and providing a descriptive photo of their business.

The businesses are approached either by phone, online or in person and asked to participate in the free directory. CFSN staff provides assistance in developing the profiles, taking a photo if required and ensuring the profile is added to the directory. Links to other directories such as Chambers of Commerce are being included in the directory.



CFSN, and the other CFs in NBCTFG, will benefit in the following ways:

- Identify more businesses operating in their regions;
- Understand the needs of business in areas of succession, finance and marketing; and,
- Market the CF program including loans and finance, entrepreneurial development and skills training initiatives and market opportunities.

Businesses participating in the directory will have a free opportunity to reach markets throughout the NBCTFG region, and better profile their business. The directory is open to any business however CFSN is primarily contacting operators who market beyond a single community, have a high proportion of their market established with other businesses, seek additional market share or lack the capability of establishing a large and comprehensive advertising campaign.

By the end of the 2012/13 fiscal year, CFSN has set a goal to have 40 Stuart Nechako businesses participating in the directory. Follow up activity will be undertaken each year to update profile information, assess businesses needs in other areas and market CFSN client services.

C. Capacity Development/Entrepreneurial and Business Skills Training Notes

CFSN is concerned that the region's small business operators appear to have a limited awareness of the threat of competition from businesses operating outside the region. The region's consumers are making more purchasing decisions online and through social media. It is the CFSN philosophy that a concentrated effort to provide assistance and awareness about the latest marketing methods and techniques must be made available to the region's entrepreneurs. One of the key strategies along with the development of NBCTFG will be to continue to participate in, facilitate and organize workshops marketing training and awareness events. In addition, CFSN activities will encourage the B2B linking of businesses for the collective advance of marketing abilities and activities.

CFSN will continue to host, coordinate, facilitate and provide instruction as part of courses, workshops and presentations offered in the region. Most of these entrepreneurial training and skill development opportunities are delivered in partnership with First Nations communities, the College of New Caledonia and Chambers of Commerce. CFSN will be work towards establishing a coordinated effort with CF Fraser-Fort George and CF Nadina to assist in the implementation of activities set out in the Omineca Beetle Action Coalition (OBAC) strategies. The CFSN priorities areas, relate to entrepreneurial development and advancement of small business in the region.

D. Innovation and Diversification

CFSN will continue look for opportunities to assist clients to offer new products and services all markets from local to international. To serve innovative clients working to diversify their product lines, marketing methods and operating processes and systems, CFSN will continue to employ previously utilized strategies including, but not limited to:

- Provide start-up financial and human resources management services;
- Identify methods and strategies to acquire equity partners;
- Invest as an equity partner; and,
- Provide business analysis services including research, key performance indicator analysis and inventory management services

5.0 COMMUNITY ECONOMIC DEVELOPMENT (CED)

CED Initiative #1	Description
<p>1</p> <p>Northern BC Trade Finance Group</p>	<p>Introduction: The Northern BC Trade Finance Group (NBCTFG) is an initiative to bring together the expertise and resources of the Northern CFs to develop inter-regional trade networks supported by appropriate financing programs.</p> <p>Since its inception last year the NBCTFG has been successfully established by the five CFs in the Northwest. The group is working on a trade network to profile the region's businesses wishing to expand their customer base to the broader Northwest region, and beyond. The strategy for fiscal year 2012-2013 is to contact the region's businesses to develop profiles to be posted to the "BC Trade Connections" directory. The focus is on establishing the trade network and CFSN anticipates that financing opportunities will come from this source and the new relationships created.</p> <p>Potential strategies identified for this year:</p> <ul style="list-style-type: none"> • Continue to develop trade network for regional businesses • Support the establishment of rural to urban trade networks • Facilitate workshops with trade partners such as EDC to increase the capacity of local business to participate in international trade • Research trade and pilot financing programs to assist businesses in expanding their markets. <p>Measurable Results</p> <ul style="list-style-type: none"> • Feature minimum 40 clients from our region in the Northern BC Trade Connections directory for 2012-2013 • Two loan partnership proposals for 2012-2013 from activities of CFSN • An estimated goal of 10 loan partnerships from the five participating CFs
CED Initiative #2	Description
<p>2</p> <p>Omineca Beetle Action Coalition (OBAC)</p>	<p>Introduction: The OBAC has reported, in many of its sector and economic development strategies released in recent years, there are some activities related to the area of entrepreneurial development that need to be implemented.</p> <p>CFSN will work towards establishing a working group with Community Futures Fraser Fort George and Community Futures Nadina, which will allow the group to define the activities that could be implemented to fulfill OBAC strategies. The arrangement will focus on the resources each CF can contribute and how resources could be coordinated and managed to complete activities in the OBAC strategies. The group will approach OBAC with the intention of forming a partnership to implement OBAC strategies that take advantage of the Community Futures organization's strengths in developing entrepreneurialism and business acumen.</p> <p>Measurable Results</p> <ul style="list-style-type: none"> • Human Resources Asset Inventory for each CF • MOU on OBAC strategy (partnership formation) • Unified three-CF approach to OBAC to determine what can be done for OBAC • Implementation of activity project(s) • CED outcomes in the OBAC Region including Stuart Nechako